

## **HB223, 2nd Sub, Alternative Fuel Incentives Amendments**

**Representative Melissa Garff Ballard**



## Need for HB223, 2<sup>nd</sup> Sub, Rep Ballard

Utah is the Crossroads of the West: Colorado, Arizona, Oregon, Washington and California have H2 programs

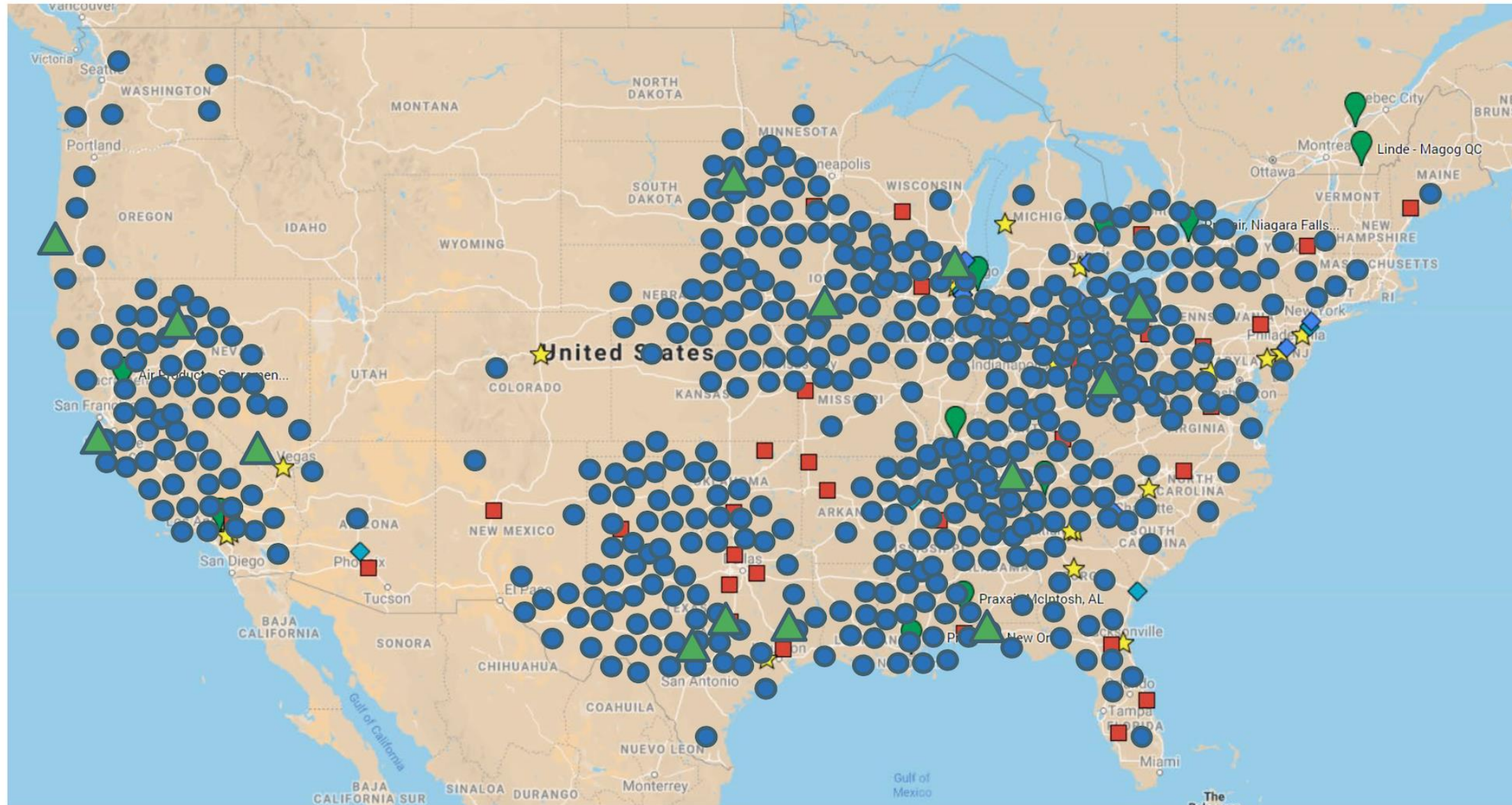
Multiple Utah businesses are producing hydrogen and various hydrogen applications

Policy incentives are needed for All renewable fuels in Utah

Policy will stimulate growth of an in-state economy and provide significant reduction in pollution along the Wasatch Front



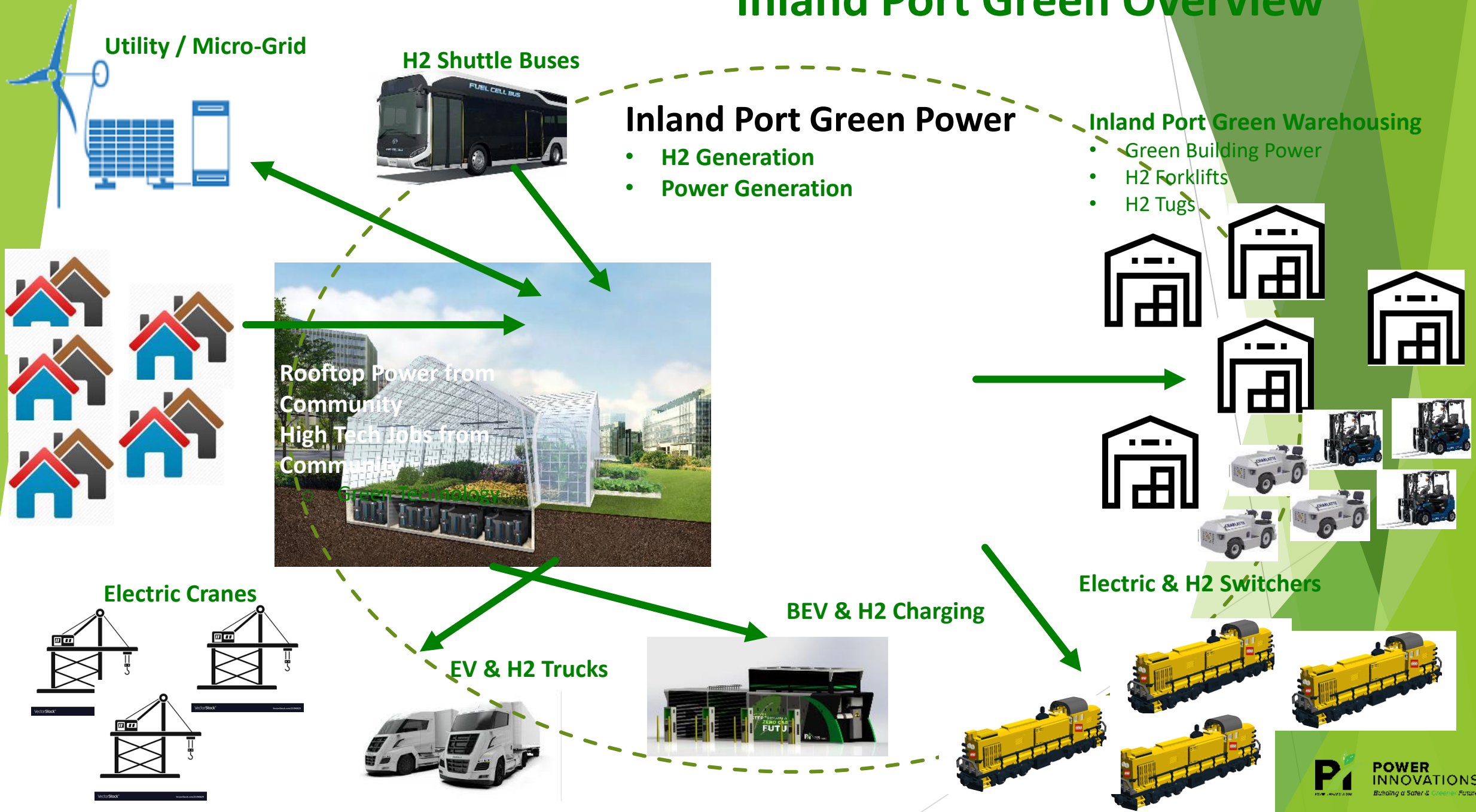
## Plug Power's H2 Footprint is Projected to Grow to 500 Stations by 2024







# Inland Port Green Overview



*Solution:*

*Alternative Fuel Incentives Amendments:*

*Puts hydrogen and fuel cells on PARITY with  
other renewable fuels and renewable energy  
resources*



## **EXISTING LAW provides for INCENTIVES for various ALTERNATIVE FUELS and ENERGY RESOURCES, including:**

Biomass, Wind, Geothermal, Hydroelectric, Solar, Coal-to-liquid,  
Nuclear fuel, Oil-impregnated diatomaceous earth, Oil sands or shale,  
Petroleum coke...(HYDROGEN IS NOT INCLUDED YET)

## **EXISTING INCENTIVE PROGRAMS for fuels or renewable fuels include:**

- ✓ The Renewable Energy Systems Tax Credit
- ✓ High-Cost Infrastructure Tax Credit
- ✓ The Throughput Infrastructure Fund
- ✓ Various sales and excise tax exemptions or reductions

## ✓ **Building Facility for Producing or Distributing Hydrogen**

- This bill clarifies that a hydrogen production facility or a hydrogen distribution facility are 'infrastructure' that qualify for the High Cost Infrastructure Tax Credit.

## ✓ **Renewable Hydrogen Production**

- This bill expands the Renewable Energy Systems Tax credit to include renewable hydrogen production for use in transportation or small scale (5MW or smaller) electricity production. (\$2.34 per kg of hydrogen; max 365 metric tons/taxable year)

## ✓ **Nonrenewable Hydrogen Production**

- This bill creates a tax credit for hydrogen production from nonrenewable sources for use in transportation or small scale (5MW or smaller) electricity production. (\$2.34 per kg of hydrogen; Max 365 metric tons/taxable year)

## ✓ **Purchasing Hydrogen Fuel Cell Generators**

- This bill expands the renewable energy systems tax credit to include the purchase of hydrogen fuel cells for small scale (5MW or smaller) electricity production. (10% of cost, No Max)



## ✓ **Purchasing Hydrogen for Non-vehicle Use**

- Current code provides varying sales tax rates for fuels. This bill clarifies that hydrogen, like other fuels, is exempt from sales tax for industrial use, is subject to full sales tax rate for commercial use, and is subject to a reduced sales tax rate for residential use.

## ✓ **Purchasing Electricity Produced by Hydrogen**

- Current code exempts some electricity produced with certain forms of alternative energy from general sales tax and municipal energy sales tax. This bill expands the definition of alternative energy source to include hydrogen, making certain electricity produced from hydrogen exempt from these sales taxes.

## ✓ **Alternative Energy Development Tax Credit**

- The Alternative Energy Development Tax Credit Act currently incentivizes certain alternative energy projects. This bill repeals the Alternative Energy Development Tax Credit Act.

## HB 223 Stakeholder Process

Hand-in-hand bill development with Office of Legislative Research and General Counsel and Governor's Office of Energy Development since September 4, 2020

Worked with diverse stakeholders including Utah Petroleum Association, Utah Mining Association, Utah Inland Port Authority, Salt Lake City International Airport, Big Navajo Energy, hydrogen and fuel cell industries

Adopted amendments suggested from several of these stakeholders

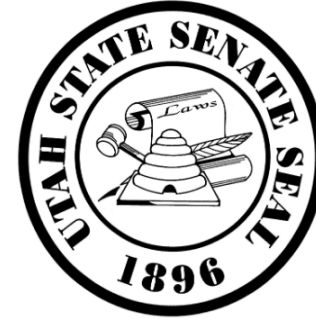
HB 223 was developed collaboratively and provides a well-rounded opportunity for an alternative fuel and power generation



## Fiscal Note

### H.B. 223

2021 General Session  
Alternative Fuel Incentives Amendments  
by Ballard, M.



#### General, Education, and Uniform School Funds

JR4-4-101

	Ongoing	One-time	Total
Net GF/EF/USF (rev.-exp.)	\$0	\$(27,400)	\$(27,400)

#### State Government

UCA 36-12-13(2)(c)

Revenues	FY 2021	FY 2022	FY 2023
Total Revenues	\$0	\$0	\$0

Enactment of this bill may forgo at least \$1 million and up to \$100 million in potential revenue to the General and Education funds.

Expenditures	FY 2021	FY 2022	FY 2023
General Fund, One-time	\$0	\$15,200	\$0
Education Fund, One-time	\$0	\$12,200	\$0
Total Expenditures	\$0	\$27,400	\$0





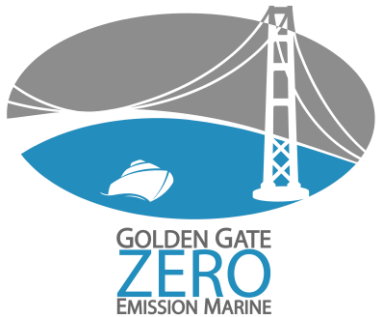
Recommended positions indicated in paranthesis  
S = support. M = monitor. O = oppose.

HB 128	Local Accumulated Fund Balance Amendments	Winder	Increases the maximum accumulated fund balance allowed in a political subdivisions general fund.	M	P	P	P
HB 140	Income Tax Revenue Amendments	Thurston	Requires the Tax Commission to report when a federal tax change results in an increase in state tax revenue. Creates a restricted account for the revenue in order to provide a tax cut when the Legislature reconvenes.	S			
HB 144	Water Pricing Structure	C. Moss	Requires retail water providers to consider lot sizes of customers.	M			
HB 150	Public Safety Post-retirement Reemployment Amendments	Gwynn	Reduces the period of separation for postretirement reemployment for retirees from a public safety or firefighter system from one year to 60 days.	O			
HB 153	Energy Storage Asset Tax Credit	Handy	Enacts a refundable corporate and individual tax credit for the purchase of an energy storage asset.	M			
HB 204	Feminine Hygiene Products Tax Ammendments	Spendlove	Creates a sales tax exemption for feminine hygiene products.	O			
HB 223	Alternative Fuel Incentives Amendments	Ballard	Creates a sales tax exemption for business inputs for the production of hydrogen fuel. Also credits tax credits for hydrogen fuel vehicles and infrastructure.	M			
1 Sub HB 247	Transient Room Tax Amendments	Albrecht	Modifies how certain counties can spend transient room tax and allows county officials to audit collectors of the tax in coordination with the Tax Commission.	M			
HB 263	Utah Clean Energy Fund	Briscoe	Establishes the Utah Clean Energy Fund and an accompanying bureaucracy to promote and finance various clean energy initiatives.	O			
1 Sub HB 270	Property Tax Valuation Amendments	Hawkes	Clarifies issues when appealing property tax valuations when improvements are made to a residential property.	S	P		
HB 304	Digital Opportunity Access Amendments	Dailey-Provost	Designates GOED to coordinate the development of broadband statewide infrastructure.	(O)			
	Intergenerational Poverty Work and		Enacts a refundable state earned income tax credit for individuals who are experiencing				

# Supporters



Air Quality Policy  
Advisory Board



# Questions?

